



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Office of Housing Counseling  
OMB Omni Circular Training  
Local Housing Counseling Agencies and Sub-Grantees**



**Presented by Robin L. Booth, CPA  
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FACILITATOR

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**PRINICIPAL**



# PURPOSE OF TRAINING



# Purpose of Training

- Review major changes to the OMB Omni-Circular impacting the financial and administrative requirements for Local Housing Counseling Authorities (LHCAs) and Sub-Grantees.
- Provide guidance to LHCAs and Sub-Grantees on implementing the financial and administrative changes required to comply with the HUD housing counseling grant.
- Provide a guidance and best practices for assisting LHCAs and Sub-Grantees to meet the requirement standards.



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# OVERVIEW OF THE OMB OMNI-CIRCULAR



# What Is the OMB Omni-Circular?

- Referred to as the Omni Guidance, the Omni-Circular and Super Circular
- Title 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award

# What's New



- Eliminates duplication and reduces administrative burden
- Strengthens oversight and reduces potential for waste, fraud, and abuse
- Standardizes financial award management requirements across all Federal agencies
- Fosters efficiencies and effectiveness in Federal award making process(i.e. best practices and best use of funds)
- Consistent treatment of direct and indirect costs while reducing administrative burden

# OMB Circulars Consolidated into a Single Guide, Title 2 CFR Part 200

## Cost Principles

- A-21, Educational Institutions (05/10/2004) [HTML](#),  
[Relocated to 2 CFR, Part 220](#)
- A-87, State and Local Governments  
(05/10/2004), [Relocated to 2 CFR, Part 225](#)
- A-122, Non-Profit Organizations (05/10/2004),  
[Relocated to 2 CFR, Part 230](#)



# OMB Circulars Consolidated into a Single Guide, Title 2 CFR Part 200

## Administrative Requirements

- A-102, State and Local Governments (10/07/1994, amended 08/29/1997) and
- A-110, Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (11/19/1993, amended 09/30/1999, Relocated to 2 CFR, Part 215)

## Audit Requirements

A-133, Audits of States, Local Governments and Non-Profit Organizations (includes revisions published in the *Federal Register* 06/27/2003 and 06/26/2007)

# Applicability

- All Non-Federal entities awarded Federal funds.
- If a Federal program, statute, or regulation differs from the Omni-Circular, then the statute/regulation governs.

# Implementation

**12/26/2014:** Uniform implementation for all subparts except Subpart F. Applicable to new and incremental funding awarded on or after this date.

**7/1/2015:** Beginning of FY 16. Subpart F (Audit Requirements) becomes effective.

**7/1/2016:** Beginning of FY17. Procurement regulations become effective.

# Major Change of Focus

- The focus shifts from **compliance** to **performance**.
- Auditors (A-133 + Federal OIG) and Monitors (Federal and State Pass-Through) must look more to **outcomes** than to **process**.
- Major emphasis is on accountability with enhanced policies designed to protect against waste, fraud, and abuse (i.e. new certification requirements).
- Any official who can legally bind the non- Federal agency must sign a certification on annual and final fiscal reports.



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# **Subpart A: Acronyms & Definitions**

## **Subpart B: General Provisions**

# Subpart A: Acronyms & Definitions

- Acronyms and Definitions provided concerning the OMB Omni-Circular
- Convenient on-line look-up resource  
<http://www.whitehouse.gov/omb/circulars>



## Subpart B: General Provisions

- Non-Federal entities are required to disclose in writing any potential conflicts of interest to the Federal awarding agency or pass-through entity.
- Timely written disclosure of all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award(s) must be made to the Federal or pass-through entity.

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## **Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards**



## 200.208 Certifications and Representations

Certification statement for all annual financial reports and requests for payments:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise.”

## **Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards**

Distinguishes merit-based selection criteria from eligibility criteria for applicants for Federal awards. Requires Federal agency publication of certain information in announcements of funding opportunities and notices of awards. Requires Federal agencies to publish terms and conditions of grants and to be responsible for informing recipients of national policy requirements as applicable.



## **Subpart D: Post Federal Award Requirements Standards for Financial and Program Management**

## 200.301 Performance Measurement

- Recipients must use standard government-wide information collection when providing financial and performance information and to relate the data to performance.
- Recipients must also provide cost information to demonstrate cost effective practices (e.g., through unit cost data).
- The Federal awarding agency should provide recipients with clear performance goals, indicators, and milestones to report.





## 200.303 Internal Controls

- Recipients are required to have internal controls in place that safeguard assets and provide reasonable assurance of compliance with Federal statutes and regulations.
- The following are available resources:
  - **Standards for Internal Control in the Federal Government** (Green Book) issued by the Comptroller General
  - **Internal Control Framework** issued by the Committee on Sponsoring Organizations (COSO)
  - **Appendix XI, Compliance Supplement – Part 6 Internal Control** (currently follows COSO but will consider both the Green Book and COSO in the 2015 update (200.514(c)(1))

## 200.308 Revision of Budget and Program Plans

Recipients are required to:

- Report deviations from budget or project scope or objective
- Request prior approvals from Federal awarding agencies for changes in scope or key persons and any other significant change to the program budget



## 200.318 General Procurement Standards

- Have their own written procurement procedures, which must comply with both state and Federal laws and regulations.
- Maintain oversight to ensure contractors comply with the terms and conditions of contracts and purchase orders.
- Written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of contracts.
- Records sufficient to detail the history of procurement.

## 200.318 General Procurement Standards

Five procurement methods prescribed:

1. Procurement by micro-purchases (new procedure, \$3,000 threshold, no competition required).
2. Procurement by small purchase procedures (simplified acquisition threshold).
3. Procurement by sealed bids (formal advertising).
4. Procurement by Competitive Proposal (used when sealed bid method ID is not appropriate).
5. Procurement by noncompetitive proposals (sole source).



## **200.328 Monitoring and Reporting Program Performance**

- Responsible for oversight of the Federal award supported activities.
- Monitor activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved.
- Monitoring must cover each program, function or activity.
- Performance reports are required at the interval required by the Federal awarding agency or pass-through entity, but at least annually.

## **200.331 Requirements for Pass Through Entities**

Requires pass-through entities to honor the indirect cost rates negotiated at the Federal level, negotiate a rate in accordance with Federal guidelines, or provide the minimum flat rate.

## **200.333 Retention Requirements for Records**

Financial records, supporting documents, statistical records, and all other non-pertinent to a Federal award:

1. Must be retained for a period of three years from the date of submission of the final expenditure report or;
2. For Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively.

## 200.333 Retention Requirements for Records

Exceptions to the three-year retention period include:

- Litigation, claim, or audit records must be retained until resolution and final action is taken.
- Written notification is given by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- For indirect cost rate proposals and cost allocations plans submitted for negotiation, the three year period begins on the date submitted.
- If indirect rate cost proposals are not submitted for negotiation, the three-year period begins at the end of the fiscal year covered by the proposal.



## 200.343 Closeout

Language modified to:

- Extend the closeout period for an award from 180 days to one year;
- Clarify language that non-Federal entities have 90 days from the end date of the period of performance to submit all final reports, and;
- Clarifies that the one-year period begins once final reports have been received from the non-Federal entity.

Sub recipient Monitoring and Management includes requirement for recipient to inform sub recipients of closeout procedures.

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## Subpart E: Cost Principles

# 200.407 Prior Written Approval

- Identifies 22 instances where prior written approval may be sought.
- Prior written approval should include the timeframe or scope of the agreement.



## 200.413 Direct Costs

- Administrative & Clerical Salaries - clarifies that salaries of administrative and clerical staff should be treated as indirect (F&A) costs.
- Does not identify any specific type of grants on which administrative/clerical salaries would be appropriate. Such costs may be sought on grants that are not designated as a “major project.”
- Direct charging of these costs may be appropriate if the following conditions are satisfied:
  - The services are integral to a project or activity;
  - Individuals involved can be specifically identified with the project or activity;
  - Such costs are explicitly included in the budget or have the prior written approval from the federal agency; and
  - The costs are not also recovered as indirect costs (F&A)



# 200.414 Indirect (F&A) Costs

## **MAJOR ORGANIZATIONS (= <\$10 MILLION IN FEDERAL FUNDING)**

- Indirect (F&A) costs must be classified within two broad categories: Facilities and Administration.
- The negotiated rates must be accepted by all Federal awarding agencies (except if required to use a different rate by statute or by approval of an awarding agency department head for justifiable reasons).
- If there is a federally negotiated indirect cost rate may apply for a one-time extension of a current negotiated indirect cost rate for a period of up to four years, and if approved, the entity cannot have a rate review until the end of the extension.

## **NON MAJOR ORGANIZATIONS**

- May elect to use a de minimis rate of 10% of modified total direct costs if no negotiated rate.

## Various Sections: Allowable and Unallowable Costs

- Advertising (200.421) is allowed but only for the following:
  - Recruitment
  - Procurement of goods
  - Disposal of materials
  - Program outreach
  - Public relations (in limited circumstances)
- Alcoholic Beverages (200.423) unallowed
- Audit Costs (200.425)
  - A reasonably proportionate share of the costs per the Single Audit Act is allowable.
  - Other audit costs are allowable if included in a cost allocation plan.

## Various Sections: Allowable and Unallowable Costs

### **\$200.431 Compensation—Fringe Benefits.**

The cost of compensation paid to employees for authorized absences, payments for unused leave when an employee retires or terminates employment, and actual claims for workers compensation, unemployment compensation, severance pay, and similar benefits are allowable as indirect costs. Cost must be recognized in the period that the leave is taken and paid for when the entity uses the cash basis of accounting.

## Various Sections: Allowable and Unallowable Costs

### Conferences §200.432

- Confirms that costs associated with intra-campus meetings are unallowable. **Note:** Conference hosts must exercise discretion in ensuring costs are appropriate, necessary, and managed to minimize costs to a Federal award.



## Various Sections: Allowable and Unallowable Costs

### **Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals, and Patent Infringements 200.435**

- The previous rule is generally allowable (unless prosecuting claims against the government).
- Audit defense fees are not allowed if there is a liability; they are allowed when there is no liability and the costs are reasonable, necessary, and authorized with a Federal official's approval for up to 80%.
- Attorney fees to the U.S. Court of Appeals from a final decision by an agency are not allowable.

## Various Sections: Allowable and Unallowable Costs

### **Employee Morale, Health and Welfare 200.437**

- Health or first aid clinics, recreational activities, and employee counseling services are allowable.

### **Entertainment 200.438**

- Amusement, diversion, and social activities are not allowable.

### **Fines and Penalties 200.441**

- Fines and penalties are not allowable.



# Various Sections: Allowable and Unallowable Costs

## Lobbying 200.450

- Unallowable

## Memberships, Subscriptions, and Professional Activity Costs 200.454

- Meetings and conferences where the primary purpose is dissemination of technical information are allowable.
- Costs of meals, transportation, facility rental, and speakers' fees are allowable.

## Training and Education Costs 200.472

- These costs are allowable.



# Various Sections: Allowable and Unallowable Costs

## Travel Costs 200.474

- Amended to allow the cost of identifying, but not providing, temporary locally-available dependent care resources for travel to conferences. Travel costs for dependents are unallowable, except for travel lasting 6 months or more. Must have prior approval from the awarding agency.
- The previous rule is allowable with certain restrictions.
  - Must be consistent with an entity's written travel reimbursement policies.
  - Must retain documentation to show that the participation of an individual in a conference is necessary for the project.
  - Must be reasonable and consistent with written travel policy or must follow GSA 48 CFR 31.205-46(a).